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SENSITIVE

SIPDIS

DEPT FOR H AND EAP/MLS, PLS PASS TO SENATOR WEBB

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SUBJECT: SCENESETTER FOR SENATOR WEBB'S VISIT TO THAILAND

¶1. (SBU) Senator Webb, Embassy Bangkok looks forward to welcoming you to Thailand. Your visit will afford a chance to express the United States' commitment to working with a democratically-elected Thai government and to affirming U.S. commitment to the bilateral relationship, particularly our important military alliance, at a time of political uncertainty and transition in Thailand.

ENDURING BILATERAL RELATIONSHIP

¶2. (SBU) The Thai public closely watched our recent Presidential election, and the results received much scrutiny regarding the potential impact on U.S.-Thai relations. Thai government officials have expressed strong interest in hearing assessments of the transition to a new administration and U.S. policy towards Southeast Asia. We have stressed to the Thai we do not anticipate significant changes in our bilateral relationship due to the history and strength of our alliance and the nature of long-standing U.S.-Thai security, economic, and cultural bonds. However, the changing generations in both Thailand and the U.S. require both sides work hard to maintain the vibrancy in the relationship.

THAI POLITICAL ENVIRONMENT - YELLOW AND RED

¶3. (SBU) The recent dissolution of the People's Power Party (PPP) and the fall of the government of former PM Somchai has appeared to quiet, even if only temporarily, the political situation. Gone are the street protests by the anti-government People's Alliance for Democracy (PAD) which shut down Bangkok's airports for a week and occupied the formal seat of government for over three months. But the basic deep split in society and the body politic remains, with the traditional royalist elite, urban middle class, Bangkok, and the south on one side ("yellow" in shorthand) and the political allies of ex-PM Thaksin, currently a fugitive abroad, along with largely rural supporters in the North and Northeast ("red") on the other.

¶4. (SBU) The Parliament is likely to elect a Prime Minister on December 15; for the moment, negotiations between various political factions continue. Calling a new election does not appear to be a viable solution to political divide, and political turmoil could very well persist for years. The steadiest figure on the political stage the past four months has been Army Commander Anupong Paochinda, who has steadfastly rejected pressure from both sides for the army to intervene in the political stalemate, either to conduct a coup d'état or to clear the streets of protesters. We

continue to stress to Thai interlocutors the negative ramifications of a coup and the need for all parties to avoid violence and respect democratic norms within the framework of the constitution and rule of law.

15. (SBU) King Bhumibol turned 81 on December 5. Many had anticipated his commentary for his annual address to the nation on the eve of his birthday; his address was canceled, however, after he fell ill with bronchitis. The Palace has since announced the King's recovery. The King was hospitalized for a period of weeks in late 2007 and has appeared frail in some recent public appearances. The King's passing, whenever that may be, will shock Thailand. Crown Prince Vajiralongkorn is the King's designated heir. However, the current King's enormous personal prestige, the lack of a precedent for royal succession during the modern era (King Bhumibol has been on the throne since 1946), and changing sentiment about the role of the institution in the 21st century suggest that the transition will be difficult.

THAI ECONOMY STRUGGLES TO OVERCOME CHALLENGES

16. (SBU) Over the past few years, Thailand's economy has been growing at a moderate pace, though the long-running political uncertainty has stifled domestic investment, hamstrung government stimulus programs, and kept Thailand from keeping up with other ASEAN nations. The worldwide economic slowdown of recent months has hit Thailand particularly hard as exports, the one bright spot in GDP growth, have fallen, causing growth forecasts for 2009 to be ratcheted down from

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4% to less than 2%. This dreary scenario was made much worse by the November airport closures, which devastated Thailand's large tourism and convention industries just at the beginning of the high season.

17. (SBU) Historically, Thailand's economy has hummed along unaffected by frequent political squabbling, but the recent willingness of political actors to take actions that clearly damage the economy and the nation's international image is changing that tenet. Thailand's largest foreign investors, Japanese in particular, have expressed deep dismay at the new turn in events. The effect of the airport closures has not yet shown up in the data, but FDI (especially from the U.S.) was already trending down for 2008.

18. (SBU) On other issues of bilateral interest, the U.S. and Thailand have extensive cooperation in medical research; several important breakthroughs in AIDS treatment, for example, have been developed here. Thailand has made great strides in dealing with child prostitution and other labor abuse issues, but trafficking-in-persons continues to be a challenge given Thailand's geographic position as a transport hub surrounded by poor countries and a history of weak law enforcement. While Thailand has developed the infrastructure to support intellectual property rights, enforcement, again, is weak.

IMPORTANT MILITARY ENGAGEMENT PROGRAM

19. (SBU) By means of access to good military base infrastructure and large areas to conduct almost unrestricted operations, Thailand gives the U.S. military a platform for exercises unique in Asia. Thai leaders are far more willing to host multilateral exercises than are other countries in Asia. This has allowed us to use our exercises in Thailand to further key U.S. objectives, such as supporting Japan's growing military role in Asia and engaging the Indonesian military. We are on track for a very successful iteration of the COBRA GOLD exercise in February 2009. Cobra Gold, the largest military exercise in the PACOM region, continues to advance our goal of promoting joint and combined military operations in our partners of Thailand, Indonesia, Japan, and

Singapore.

¶10. (SBU) Thailand's willingness to allow the United States to use Utapao Naval Air Station as the hub for our regional assistance program was key to making the 2004 tsunami and the 2008 Cyclone Nargis relief operations a success. Our military continues to use Utapao as stop off point for flights for ongoing operations in South Asia.

THE INCREASING ROLE OF CHINA

¶11. (SBU) Thai leaders continue to develop closer relations with China while simultaneously emphasizing the vital role of the U.S. in the region. While Thai military links with the United States are deeper and far more apparent than Sino-Thai links, China's growing influence in Thailand and Southeast Asia is evident in business, the arts, the media, and the military. The Thai military has a range of Chinese weapons systems in its arsenal; the PLA Navy is building closer links with the Thai navy, and China has worked with Thailand to improve air defense equipment provided to Thailand in the late 1980's. In 2007 and 2008, Thai and Chinese special forces conducted joint exercises, and other mil-to-mil exchanges have expanded in recent years as has the number of bilateral military VIP visits.

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